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Home Foreclosures and Delinquent Mortgage Loans Decrease at Maine Banks and Credit Unions

New Mortgage Loan Activity Increases During Third Quarter

AUGUSTA, MAINE – Bureau of Financial Institutions Superintendent Lloyd P. LaFountain, III announced on Monday that third quarter 2010 data shows an overall decrease in home foreclosure activity at state-chartered banks and credit unions in Maine. Especially promising is the reduction in new delinquencies and foreclosure starts, both leading indicators of future foreclosures.

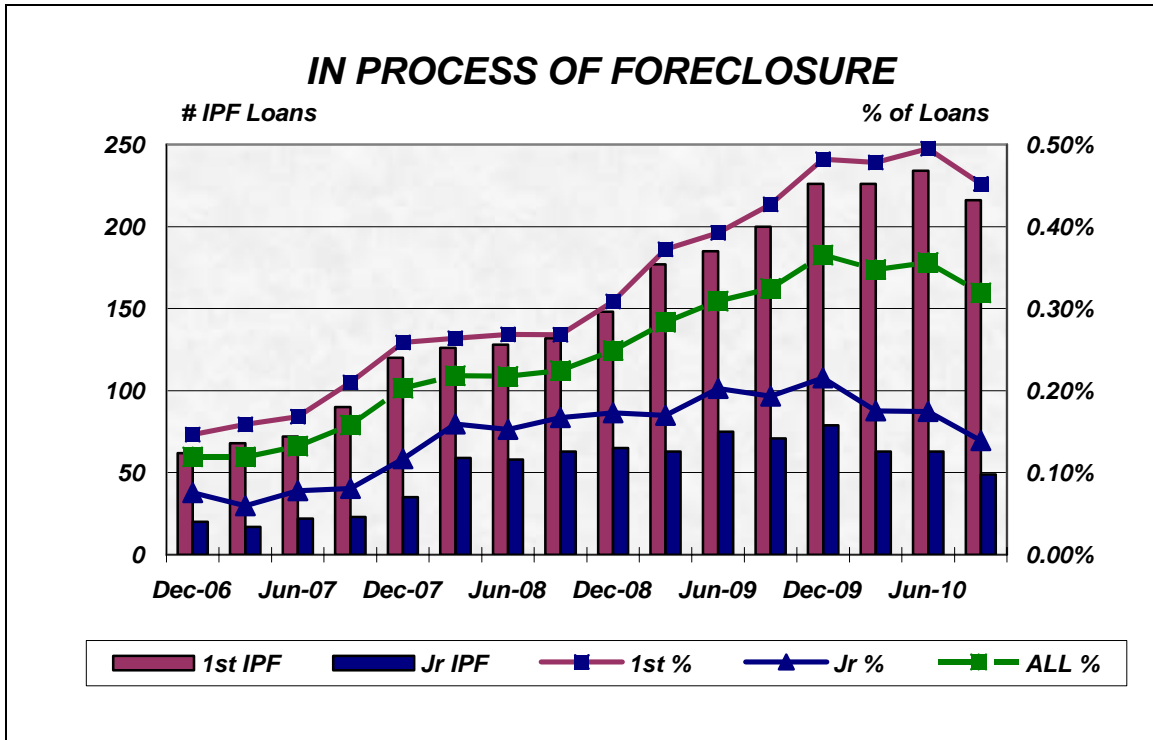
However, an increase in seriously delinquent first mortgages suggests that the foreclosure problem will persist into 2011. Foreclosure activity at Maine banks and credit unions remains lower than in many other states and it does not pose a threat to the stability of Maine-chartered financial institutions.

In other encouraging news, the number of new first mortgage loans initiated in the third quarter increased by 24% from the prior quarter and, for the first time in 2010, exceeded the originations for the comparable quarter of 2009. The growth in originations is attributed to the record low interest rates which have spurred increased refinancing activity. Also contributing to the higher originations was the expiration of the federal housing tax credit which led to higher home sales by requiring a mortgage closing by September 30, 2010.

The most recent data covers July through September 2010. It pertains to residential real estate lending and was obtained from the 32 financial institutions (banks and credit unions) that have been state-chartered in Maine from the end of 2006 through September 2010. The Bureau has been surveying state-chartered banks and credit unions regarding foreclosure activity since October 2006. The survey does not include data from entities not regulated by the Bureau, which include federally-chartered banks, federally-chartered credit unions and mortgage companies licensed to do business in Maine.

According to third quarter survey results, the 32 state-chartered financial institutions held 83,008 mortgage loans at the end of September, consisting of 47,774 first mortgage loans and 35,234 junior lien mortgage loans (including home equity lines of credit). Of the 83,008 loans, 265 (216 first mortgages and 49 junior lien mortgages) were in process of foreclosure (IPF), or one loan for every 313 mortgages (one for every 221 first mortgages). At the end of the second quarter of 2010, 297 loans were in IPF status. As a percentage of total mortgages, IPF loans remain relatively low, 0.32% at the end of the third quarter (down marginally from 0.36% at the end of the second quarter of 2010).

IPF	12/06	12/07	12/08	9/09	12/09	3/10	6/10	9/10	# Loans
1st REM	62	120	148	200	226	226	234	216	47,774
Jr. REM	20	35	65	71	79	63	63	49	35,234
All REM	82	155	213	271	305	289	297	265	83,008
1st REM	0.15%	0.26%	0.31%	0.43%	0.48%	0.48%	0.49%	0.45%	
Jr. REM	0.08%	0.12%	0.17%	0.19%	0.22%	0.18%	0.17%	0.14%	
All REM	0.12%	0.20%	0.25%	0.32%	0.37%	0.35%	0.36%	0.32%	



Beginning with the 2008 first quarter survey (January-March, 2008), data on the number of foreclosures initiated in the current quarter was requested. During the third quarter of 2010, foreclosure proceedings were started on 52 first mortgages, 0.11% of all outstanding first mortgages, or one for every 919 first mortgages. ***This represents the third consecutive quarter of noticeable decrease from the prior quarter and the lowest level since June 2008. Foreclosure proceedings initiated on junior mortgages also continued on a downward trend.***

Foreclosures Initiated	3/08	9/08	12/08	9/09	12/09	3/10	6/10	9/10
# 1 st REM	45	62	59	76	103	85	67	52
% 1 st REM	0.09%	0.13%	0.12%	0.16%	0.22%	0.18%	0.14%	0.11%
FC Start/1 st REM	1,060	794	813	616	455	556	706	919
# Jr. REM	26	26	20	22	20	25	22	16
% Jr. REM	0.07%	0.07%	0.05%	0.06%	0.05%	0.07%	0.06%	0.05%
FC Start/Jr. REM	1,424	1,449	1,877	1,669	1,833	1,436	1,640	2,202

The Bureau also requests data on completed foreclosures (FC). As seen in the table below, the number of FC more than doubled in 2008 and increased further in 2009, to 175. This trend has continued through the first three quarters of 2010, with 132 FC this year vs. 89 for the comparable period of 2009. After declining slightly in the second quarter, the number of first mortgages foreclosed in the third quarter of 2010 was the

highest recorded to date. The number of junior lien mortgages foreclosed decreased for the second consecutive quarter. The total number of FC reached their apex in the first quarter of 2010 and has declined in each of the second and third quarters. Although FC remain elevated, the number remains low in relation to the total of outstanding mortgages – only one for every 1,437 mortgages and one for every 1,028 first mortgages.

FC	2006 *	2007 **	2008 **	9/09	12/09	2009 **	3/10	6/10	9/10
1st REM	50	52	119	33	37	126	45	41	46
Jr. REM	2	15	40	22	5	49	31	19	12
All REM	52	67	159	55	42	175	76	60	58
% of Prior Quarter-end Loans									
1st REM	0.12 %	0.12 %	0.24 %	0.070 %	0.079 %	0.27 %	0.096 %	0.087 %	0.097 %
Jr. REM	0.01 %	0.05 %	0.11 %	0.059 %	0.014 %	0.13 %	0.085 %	0.053 %	0.033 %
All REM	0.07 %	0.09 %	0.19 %	0.065 %	0.049 %	0.21 %	0.091 %	0.072 %	0.070 %

* Annual percentage is based on number of loans outstanding at 12/31/06;

** Annual percentage is based on average number of loans outstanding in the year.

More information on the status of residential real estate lending by Maine's financial institutions is available in the Bureau's 2010 Annual Report to the Legislature, which can be found at www.maine.gov/pfr/financialinstitutions. The Bureau's 2011 Annual Report, which will be available in mid-January 2011 at the same website, will include a more detailed discussion of the foreclosure survey and residential real estate lending.

The Bureau of Financial Institutions is part of the Department of Professional and Financial Regulation, which encourages sound ethical business practices through impartial regulation of insurers, financial institutions, creditors, investment providers, and numerous professions and occupations for the purpose of protecting the citizens of Maine. Consumers can reach the Bureau through the Department's website (www.maine.gov/pfr); by calling 1-800-965-5235 or by writing to Bureau of Financial Institutions, 36 State House Station, Augusta, Maine 04333.

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